

Governor's Task Force on Shared Municipal Services
July 24, 2012, 2:00 p.m.
Pawtucket City Hall Council Chambers

Present: Chairperson John Simmons, Executive Director Rhode Island Public Expenditure Council (RIPEC); Peter Grazcykowski, City Manager City of East Providence; John McJennett, Receiver City of Central Falls; and Susanne Greschner, Director of the Office of Municipal Finance

Also in Attendance: Tony Pires, Director of Administration City of Pawtucket; and Gayle Corrigan, Chief of Staff to the Receiver City of Central Falls

John Simmons opened the meeting by thanking all in attendance for their attention to the issues at hand. He briefly outlined the genesis of the Governor's Task Force on Shared Municipal Services. He referenced a letter from earlier in the year that Mayor Donald R. Grebien of Pawtucket sent to Governor Lincoln D. Chafee encouraging the Governor to create the task force. Governor Chafee created the task force via Executive Order 12-03 (Exhibit 1) which he signed on June 28, 2012.

Mr. Simmons then discussed a shared services survey (Exhibit 2) that the task force would send out to all municipal governments and school districts state-wide – via surveymonkey.com – to inventory current shared services efforts and gauge interest in future collaborations. He said that the task force would utilize the resources of RIPEC in conjunction with the Office of Municipal Finance, Dan Beardsley and Peder Schaeffer from the Rhode Island League of Cities and Towns, and Tim Duffy from the Rhode Island Association of School Committees. Mr. Simmons asked for comments from the task force members on the survey.

There being no immediate comments, Mr. Simmons moved on to the next item on the agenda, the goal of creating a “clearing house” of information on shared services in Rhode Island. This resource would include an inventory of existing programs, templates of essential documents to guide the creation of new agreements, and would serve to facilitate conversations between willing parties.

Tony Pires then commented that Mayor Grebien was unable to make the meeting due to a previously scheduled family vacation, and that, while Mr. Pires is not the official designee for the Mayor, the City of Pawtucket felt it was important to have a presence at the meeting to voice its commitment to pursuing greater efficiencies. Mr. Pires praised the Mayor's business-like focus on efficiency in government and said that the work of the task force is particularly important because it can provide all of the state's communities a model for effective shared services provision. He then recognized Lance Hill, Pawtucket's Director of Public Works, and David Clemente, Pawtucket's Purchasing Agent, for serving as leads on the recent RFP for privatizing refuse and recycling collection for the City of Pawtucket which included Central Falls and East Providence to test the savings of regional bidding.

Mr. Simmons explained the joint bid further, stating that the communities each requested an individual bid and that there was also a bid request that essentially treated the three communities

as an entity without boards. Mr. Simmons recognized the leaders of Pawtucket, Central Falls, and East Providence for their hard work and leadership in this effort. Mr. Simmons then asked Lance Hill to approach the microphone and speak more about the process of the joint bid.

Mr. Hill said that the process began in early January 2012 with general talks with Central Falls about all DPW functions. The parties had several meetings, phone calls, and emails back and forth, according to Mr. Hill. They agreed that refuse and recycling collection made the most sense and decided to go out for a joint RFP. At the encouragement of RIPEC, East Providence was asked to join the RFP as well. The parties held a pre-bid meeting and decided to move forward; however, communication issues delayed the process by approximately two months by Mr. Hill's estimation. Lance stated that he served as the primary contact for the contractors bidding on the joint RFP. He discussed how the communities went out to bid in two parts: Part A was a request for what it would cost each community if they were one large customer without borders, and Part B was a request for what the same services would cost each community as individual customers. Both parts had requests for costs of manual collection, automated recycling collection, and automated every-other week recycling.

Mr. Simmons called the task force members' attention to the bid numbers (Exhibit 3) that the communities had received in the previous weeks from four bidders.

Mr. Hill said that the automated every week recycling option was currently the preferred option. He said that the bids included the provision of a 96-gallon tote to each customer for recycling. A tote of this size gives the communities the flexibility to move to every-other week recycling if they wish. Lance said that there are savings in the joint bid and he believes the three communities need to move forward with the project.

Mr. Simmons clarified with Lance that he was speaking to the savings between the regional and individual bids, and not savings between the bids and what the communities do currently.

Tony Pires stated that he views the joint refuse and recycling collection initiative as the beginning of a greater shared services relationship between the three communities. He stressed the importance of changing attitudes. Mr. Pires said he's anxious to move forward and is excited by the possible multiplier effect of the project. He sees opportunities in a multitude of functional areas including DPW, administration, police, fire, dispatch, and schools. Tony emphasized the need to build trust across the communities and that the joint collection initiative is an important first step in that process.

Peter Grazcykowski wanted to make clear that East Providence believes more analysis of the bid numbers is necessary, especially due to the significance of the waste removal service as an important local service. He said that the bid gives East Providence the advantage of moving to automated recycling, which he hopes will increase the city's recycling rate.

Susanne Greschner echoed Mr. Grazcykowski's statements about the challenges and importance of this undertaking. She commended Governor Chafee's leadership during the "Year of the Municipalities" and also praised RIPEC's role in the effort. She said she is looking forward to being a part of the task force's important work and is hoping to create a model for other

communities to follow. Ms. Greschner believes the task force will identify solutions that can be mutually beneficial for all communities. She concluded her comments by thanking Lance Hill for his work on the joint bid.

John McJennett asked Mr. Grazcykowski what he felt East Providence had learned from privatizing refuse collection years earlier.

Mr. Grazcykowski called Steve Coutu, East Providence DPW Director, to speak to the issue.

Mr. Coutu stated that there were initial growing pains while working with contractors who went out of business. He said that the community was able to sign an experienced vendor, MTG, that it has used for the last seven or eight years now and is very happy with the relationship. Mr. Coutu identified cost avoidance for equipment and workers compensation as major advantages to privatization. He referenced the town of Barrington's recent decision to contract out to MTG to avoid the cost of replacing its aging equipment.

Mr. McJennett asked Mr. Coutu about trash collection issues that arise and how they are handled.

Mr. Coutu responded that he handles constituent concerns and works with the contractor's route manager who is the city's chief contact.

Mr. Grazcykowski stated that his biggest concern about the joint bid is the potential for decreased responsiveness from the contractor to the needs of his constituents in East Providence. He said that currently the communities have three different ways of operating and there exists the opportunity to standardize practices. He stressed the importance of choosing the right vendor. Peter also said that cost savings and impacts to convenience and service level for constituents are the major factors in this decision.

Mr. Pires pointed out that the low bidder, MTG, already provides services to East Providence. He said Pawtucket is still analyzing the bids, and that East Providence's experience has served as a helpful reference. He said Pawtucket is looking at privatizing as an option, and is studying whether shared services are the right thing for the communities. He believes it is important that all three communities use uniform accounting principles to establish the full cost of their current service provision efforts. Tony said that there are costs outside of refuse collection budgets like mechanics and other ancillary costs that must be taken into account, and that the communities should agree on how to compare current costs to the potential costs of the bids. He also stressed the importance of working with labor unions.

Mr. Grazcykowski stressed accountability, and the importance of taking a business-like approach to the analysis of the bids. He discussed his time working in Massachusetts previously, and how they would isolate costs through an enterprise model.

Ms. Greschner said that her office is working with all 39 communities in Rhode Island, and that it is her goal to create templates for the other communities to use in the future if they wish to pursue shared services.

Gayle Corrigan asked Lance Hill to discuss the differences between manual and automated bid numbers.

Mr. Hill said that manual referred to laborers physically emptying refuse and recycling containers into trucks, while the automated options referred to continued manual refuse collections combined with recycling trucks that are equipped with an arm that can lift and empty recycling totes. The biggest concern he had identified with the automated options was how individuals would store their totes, as 96-gallon totes are quite large. He said that weight was less of a concern since the totes are on wheels. He reiterated that the 96-gallon totes were chosen because they provide the communities with the flexibility to transition to every-other week recycling.

Ms. Corrigan asked Lance what the costs and benefits were of every week versus every-other week recycling.

Mr. Hill said that there are operational savings associated with every-other week, because the same crews and trucks can be used in other areas on the off weeks. He said the concerns include that a constituent could possess his/her recyclables for a month if he/she missed a collection. The 96-gallon totes allow for increased recycling and the lids on the totes should help to limit the amount of waste that gets blown around by the wind, according to Mr. Hill.

Mr. Simmons asked why the communities asked for bids for automated recycling rather than for refuse or both. Ms. Corrigan echoed the question.

Mr. Hill responded that the costs of doing both at the same time would be higher and that the amount of data that would have needed to be analyzed was unrealistic.

Ms. Greschner asked if the task force should include questions specific to refuse and recycling collections on the shared services survey.

Mr. Simmons responded that it was important to keep the survey general to begin. He also said that the task force should try to coordinate efforts with Rhode Island Resource Recovery Corporation. John echoed Ms. Greschner's desire to create templates for other communities to use, including sample agreements or memoranda of understanding and common principles. He said it was important to provide a guide for how to approach shared agreements.

Mr. Hill added that there are challenges that need to be accounted for such as different purchasing rules across communities, and issues of how and when to release information publically.

Mr. Simmons commended Lance's work, and said that he believes the task force should serve to move these potential shared initiatives along. He then moved on to potential other areas for shared services (Exhibits 4 and 5) and asked for comment from the other task force members.

Mr. Grazcykowski said that East Providence is interested in a joint purchasing agent to craft and evaluate RFPs and asked if the other communities were also interested.

Mr. Pires said Pawtucket would be extremely interested and that the city's Purchasing Agent, David Clemente, is very good and capable. Tony discussed his time in the insurance industry in the private sector and how he witnessed small insurers consolidate their "back room" operations in order to bring down overhead costs. He said he sees the potential for the same kinds of savings in municipal government.

Ms. Corrigan said that when Central Falls looked into consolidating insurance with the schools that they saw a 15 to 20 percent savings. She said that she views insurance as an area where there could be savings for communities. She added that Central Falls does not have a purchasing agent. She said that other areas they view as possibilities include I.T. contracting, police and fire, and DPW facilities.

Mr. Pires stated that labor unions are partners in this process and that the communities must work diligently with their unions to establish the best course. He said that the city of Pawtucket does not view privatization as a panacea, and reiterated that unions must be at the table for these discussions.

Mr. Simmons added that the communities should meet in the near future to discuss the possibility of a joint purchasing department.

Mr. Pires said that Pawtucket has an opening at I.T. Director, and that there is the potential for sharing in that area as well. He added that the communities need to take the lead on the areas in which they are strong.

Mr. Simmons reiterated that it is important to establish what the arrangements are, how they are set up, which employees are involved, etc. John added that the task force members should provide a list of their priorities so that the group can work toward achieving the successes that mean most to the communities.

Mr. Grazcykowski said that another area that communities can look to find savings is the consolidation of city and school services, such as benefits administration.

Mr. Simmons stated that it is important for Pawtucket, Central Falls, and East Providence to know when the others' contracts are up and when they are contracting out, so that they can explore the possibility of bidding jointly when the timing is right.

Mr. McJennett said that Central Falls is facing major city/school issues that will be resolved at the State House and in the courts, but he is not sure how much or how quickly progress will be made in that area.

Mr. Simmons referenced East Providence's recent consolidations with its schools in the areas of I.T., HR, Finance, and Facilities. He said he would get in contact with the Commissioner of Education about Central Falls and Woonsocket. John then called the other task force members' attention to the other attachments (Exhibits 6 and 7) which provide principles of shared services

and examples of shared services in other states. He also asked Ms. Greschner if the task force could host its work on the Office of Municipal Finance's website.

Ms. Greschner said that she would help with the website and also help with Woonsocket.

Mr. Simmons and Mr. Pires then asked when and where the task force wanted to meet again, and suggested dates in mid-August.

Mr. Grazcykowski said they should meet soon so they can discuss the bids.

Mr. Simmons responded that such a meeting should take place before the next task force meeting.

The task force members agreed on Thursday August 16 for the next meeting, and that it would be held at Central Falls City Hall at 2:00pm.

Mr. Simmons then asked for public comment. There was none.

Mr. McJennett thanked Pawtucket for hosting the meeting and moved to adjourn.

Mr. Pires thanked the other task force members, and the task force adjourned.